



Agency for Defense Development

160, Bugyuseong-daero 488 beon-gil, Yuseong-gu,
Daejeon, Republic of Korea

Invitation for Bid (IFB)-Rebid

2016-08-01

- Invitation No: ADD-16-124
- Project Name: Optimus Pressure Scanning System
- Bid Date: Starts from 13:00 am, ends on 14:00, September 7, 2016
- Procurement Method: Competitive Bidding (Two-step Sealed Bidding)

To whom it may concern,

Agency for Defense Development (hereinafter referred to as ADD) invites eligible bidders for the supply of the Goods stipulated in the enclosed Section III Commodity Description.

The bid must be fully complied with all requirements covered in the referenced documents included herein and the bid shall be submitted in two envelopes, one for technical and commercial proposal without price and the other for price proposal in a sealed envelope after technical review.

Technical and price proposal will be opened separately. Technical proposal will be opened publicly on the above bid due date, and after technical review by end-user, successful bidders for technical proposal will be notified details of the submission of price proposal and it will be opened, at a date that ADD announces later.

Best regards,

Yunmi Sung
International Contract Manager

Foreign Supply Division
Agency for Defense Development

- Encl.: 1. General Instructions to Bid
2. Section I. General Terms and Conditions
3. Section II. Special Terms and Conditions
4. Section III. Request for Proposal

General Instruction to Bid

1. QUALIFICATION OF BIDDERS

A bidder must:

- a. Be a manufacturer or supplier who has principal place of business in abroad.
- b. Have adequate business profile in both of financial viability and technical maturity to fulfill the contract to comply with the required or proposed delivery or performance schedule.
- c. Be qualified and eligible to receive an award under applicable laws and regulations.

d. Respect the General/Special Terms and Conditions attached hereto. Any bid that changes or modifies the General/Special Terms and Conditions will be dropped out of bidding.

2. PRICE

- a. Price shall be stated in United States Dollars using the attached Commodity Description only in Terms of FCA Named Airport of Shipment (per INCOTERMS 2010). In case bidders quote a price with the third country currency other than U.S. Dollars (USD), the price shall be converted to USD with the exchange rate of WOORI Bank in Korea on price opening date.
- b. All bidders must provide a unit price and a total price for each item listed on the **Section III Commodity Descriptions**, all required services including inspection fee.
- c. Bidders are required not to include the cost of spare parts in the cost of the basic equipment. The cost of spare parts is to be itemized and quoted as a separate item.
- d. Price shall include cost of supplying all documentation and Services required by ADD's Requirements for Technical Proposal.
- e. All bid prices must remain firm throughout the contract term.

3. PREPARATION OF BID

- a. Bidders are required to examine the drawings, specifications, schedules and all instructions under the Invitation for Bid (hereinafter referred to as "IFB" or "Invitation").
- b. Any changes in bid must be explained, indicated and noted.
- c. Drawings, if any, attached to the Invitation, are not guaranteed to be free from errors or discrepancies. If any changes are made to this IFB, the modification will be noted in the bid.
- d. If special packing is required in the specifications, a detailed description must be included in the bid.

4. ALTERNATE BID

- a. ADD requires Bidders to prepare their Proposal on the baseline requirements in the IFB. However, Bidders are permitted to submit innovative and/or cost effective approaches as alternatives in addition to the required baseline
- b. In the case of alternate bid, only the specification including part number or model number, of the equipment will be considered for evaluation of the bid.
- c. All other terms and conditions such as payment, delivery, packing methods, discharging port, accessories, etc, if different from those of the original bid, will make the alternate bid inconsiderable for evaluation.
- d. Notwithstanding the above, buyer reserves the right to accept the alternate bid on the basis determined to be the most advantageous to the Government of the Republic of Korea.
- e. When the end-user determines that the above alternate bids which were offered by the bidder do not conform to the requirement of the contract, the ADD has the right to cancel the items with the bidder's default at the end-user's review after delivery.

5. EXCEPTIONS

Bidders must provide all documents set forth in this IFB and the attachment hereto. If Bidder takes exceptions to any provisions of contractual terms and conditions in the IFB, he shall itemize the difference with a cost and sufficient explanatory data and obtain ADD's approval.

6. SUBMISSION OF BID

- a. The bidder must prepare the bid documents in accordance with the format and guidance designated by the ADD and shall have it placed in a sealed envelope.

INV NO:

BID DUE DATE:

BIDDER

NAME:

ADDRESS:

- b. The following table must be filled out by the bidder and attached to the upper left hand corner of the envelope.
- c. All bids, descriptive materials, and publications tendered under the IFB shall be prepared in English and submitted to the ADD. All above documents must arrive at the ADD, Daejeon, Korea on or before bid due date and time (Korea Standard Time).
- d. Bidder may directly submit the bid to the following address by FedEx(Other courier is not allowed to visit

ADD office due to security issues)

Agency for Defense Development

160, Bugyuseong-daero 488 beon-gil (Sunam dong 111), Yuseong-gu, Daejeon

305-152, Republic of Korea

Attention: Ms. Yunmi Sung, Int'l Contract Manager

Tel: +82 42 821 3953 / Fax: +82 42 824 0728

e. Bid due date and time must be kept. Any bid arriving after the specified date and time will be disqualified.

f. Bidders shall submit documentation as the following;

1 Original of REGISTRATION FOR BID with **BIDDER'S INFORMATION** in accordance with Appendix 1. The BIDDER'S INFORMATION should be **officially notarized** at the business place of the bidder.

A. 1 Original of PLEDGE FOR SECURITY in accordance with Appendix 2.

B. **Officially notarized 1 Original POWER OF ATTORNEY** in accordance with Appendix 3.

C. 2 Original and 1 Copy of CONTRACT COVER SHEET stipulated in Appendix 4 with GENERAL TERMS AND CONDITIONS (Section I) and SPECIAL TERMS AND CONDITIONS (Section II) duly signed on the signature pages and initialed and signed on each page.

D. 2 Original and 1 Copy of CERTIFICATE OF COMPLIANCE in accordance with Appendix 4-1.

E. 2 Original and 1 Copy of COMMERCIAL PROPOSAL including COMMODITY DESCRIPTIONS (Section III) in accordance with Appendix 5.456

F. 2 Original and 1 Copy of ADD's Requirements for Technical Proposal and **5 Original TECHNICAL PROPOSAL of the Bidder (Section IV)**

g. The entire above bid documents shall be signed on the signature page and initialed on each page by duly authorized representatives nominated in Appendix 3-1 or Appendix 3-2 (Power of Attorney).

h. In case of **Two-Step Sealed Bidding**, a bidder shall follow the steps below;

- STEP 1: Technical Proposal submission

Document described on clause "f", and "h" must be submitted at the bid due.

The following documentation must be included in technical and **non-priced proposals**.

(1) 2 Original and 1 Copies of CONTRACT COVER SHEET in accordance with Appendix 4 with GENERAL TERMS AND CONDITIONS (Section I) and SPECIAL TERMS AND CONDITIONS (Section II) duly signed on the signature pages and initialed and signed on each page.

(2) 2 Original and 1 Copies of CERTIFICATE OF COMPLIANCE in accordance with Appendix 4-1.

(3) 2 Original and 1 Copies of COMMERCIAL PROPOSAL with COMMODITY

DESCRIPTIONS (Section III) without price in accordance with Appendix 5.

(4) 2 Original and 1 Copies of ADD's Requirements for Technical Proposal and **5 Original TECHNICAL PROPOSAL of the Bidder (Section IV)** including descriptions of the supplies or services

Technical review shall be done by the end user and it may take a few days to weeks.

- STEP 2: Price Proposal submission (competition among the valid bidders after technical review)

As a result of the technical review in STEP 1, if there are multiple valid bidders (with satisfied and approved technical proposal by the end users), successful bidder will be awarded by the lowest bid price. Price bidding schedule will be notified to the valid bidders separately by the foreign supply team person in ADD.

Sealed price bid, 1 original and 3 copies of the priced proposal using the form of APPENDIX 5-2, COMMODITY DESCRIPTIONS. The second envelope, sealed price bid, should be submitted and will be opened for the bidders at the time set forth in the notification of eligibility after the completion of technical proposal review by end-user.

7. BID BOND

It is regarded as submission of valid bid bond when a qualified bidder, as provided in clause 'General instruction 1 Qualification for bidder', presents Memorandum of Payment specified in Appendix 2-1 on the bid due date and time.

8. AWARD OF CONTRACT

a. The Contract will be awarded to the responsive and responsible bidder satisfying the technical requirements described on IFB. Among the bidders with approval from the technical review of ADD, the contract will be awarded to the bidder offering the lowest total price for all items. Currency shall be applied to the first Exchange Rate of Woori bank on the closing date.

b. Bidder who fails to comply with all requirements contained in the IFB will be disqualified.

c. Bids will be evaluated on an item by item basis with FCA costs of spare parts and/or the basic equipment excluding the manufacturer's recommended optional item(s) at the buyer's option.

d. Unless the bidder clearly states in the exceptions to the terms and conditions required in the IFB, the bid will be construed as offered in compliance with the terms and conditions as described in the IFB.

e. ADD reserves the right to reject any or all bids, waive any defects in bids received, or call for a rebid as the best interest of ADD requires. Unless otherwise required by the bidder in his bid, ADD may accept an

item or group of items in the bid and reserves the right to make award on less than the quantity called for in the bid without the bidder's prior consent.

f. However, award of more than the quantity called for in the bid shall be made by the ADD subject to the bidder's confirmation.

g. Unless otherwise specified in the IFB, no counter proposal against the General Terms and Conditions, except the conditions to be acceptable to the ADD, will be accepted.

9. PROPRIETARY INFORMATION

a. The IFB and all drawings, designs, specifications, and other data appended or related to it are the property of ADD and are delivered only for the purpose of enabling each Bidder to prepare and submit a proposal in thereto. The information contained in, referred to, or appended to the IFB shall not be disclosed or released for any other use or purpose and must be returned to ADD, if requested.

b. All proposals submitted by Bidders, including drawings and other data, shall become the property of ADD and shall not be returned.

10. CONTACT POINT

Contract Matter : Yunmi Sung	Technical Matter :Cheon Jong Yoo
Email :intcon3@add.re.kr	Email:
Phone:+82-42-821-3953	Phone: +82-42-821-4512

11. OFFSET PROGRAM

In case the total contract value is more than US \$10,000,000 the bidder should arrange an offset program amounting to more than thirty (30) percent of the value and submit a detailed written statement of offset program to the Offset Trade Team, Defense Acquisition Program Administration, before the contract is executed.

Appendix 1-1 : Registration for Bid

Registration for Bid

Date: , 2016

To: Finance & Contract Commissioner,
Agency for Defense Development
Daejeon, Korea.

1. Invitation No. :
2. Bid due date:

We hereby register to apply for a competitive bid as stated above.

Bidder's seal

(Name, title & company)

Appendix 1-2 : Bidder's Informations

BIDDER'S INFORMATION

I. General Information			
1. Company		2. Name of County	
3. Address		Telephone	
		Facsimile	
4. Type of Business	<input type="checkbox"/> Manufacturer <input type="checkbox"/> Supplier <input type="checkbox"/> Others ----- (specify)		
5. Business Status	<input type="checkbox"/> Corporation incorporated under laws of the state of --- <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> State-owned <input type="checkbox"/> Non-profit organization <input type="checkbox"/> Joint venture with-----		
6. Date of Incorporation		7. Number of Employees	
8. Yearly Sale Amount			
II. Ownership			
9. Name of Owner, or Representative		10. Citizenship	
11. Mailing Address		Telephone	
		Facsimile	
III. Commission Agent in Korea			
12. Company		13. Name of Owner or Representative	
14. Business Address		Telephone	
		Facsimile	
IV. Others			
15. Authorized Person(s) to sign any Documents	TITLE	Name	Signature
16. Major Customers	Name of Company	Address	Item(s) sold
I, as legally authorized representative of the applicant, certify that the above information is true and correct . Date : . Name in full & Signature :			

※ Notary Public's Certification.

Appendix 2 : Pledge for Security

Pledge for Security

DATE :

To : Finance & Contract Commissioner of ADD, Republic Of Korea(R.O.K)

I, the undersigned, hereby certify and/or guarantee the followings in compliance with the law and regulations of the R.O.K.

- (1) All matters concerning the procurement shall be held and preserved as "confidential matters of the R.O.K" in compliance with the military security protection act and its enforcement decree and regulation.
- (2) Any of the information related to Agency for Defense Development, shall not be released to any other unauthorized person or corporation.
- (3) I understand that I am fully liable for consequences caused by a violation of the pledge, regardless of intentional or non-intentional.

COMPANY NAME:

JOB TITLE:

NAME:

SIGNATURE OR SEAL:

Appendix 2-1 : Memorandum of Payment

Memorandum of Payment

From :

To : Agency for Defense Development

Invitation No.:

Date of Bid:

We, the undersigned, hereby guarantee that if awarded a contract we will perform faithfully the requirements of the contract.

Should we withdraw our bid before its expiration and/or after being awarded by ADD, or should we refuse to conclude the contract, or should we fail to establish a performance bond in accordance with the contractual conditions, we guarantee to pay ADD immediately an amount equivalent to 5 percent of the total bid price/s.

We further guarantee that we will not claim against or appeal to ADD in relation to any unfavorable action which may be taken against us by ADD on the grounds that we have not complied with the above conditions.

Signature:_____

(Name & title)

※ This letter is a Memorandum of Payment submitted by the Bidder, instead of providing of Bid-bond

Appendix 3: Power of Attorney

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned (hereinafter referred to as "Company") does hereby nominate, constitute and appoint (_____) its true and lawful attorney in fact, for the company in its name, place, and stead, and for its use and benefit.

NOW THEREFORE, the Company hereby submits as follows:

1. GIVING AND GRANTING to its attorney-in-fact full power and authority to do and perform (_____) and all other necessary or appropriate actions on behalf of the Company in connection with (_____), with full power of substitution and revocation, hereby ratifying and confirming that its attorney-in-fact shall lawfully do or cause to be done by virtue hereof:

2. This power of attorney shall remain in full force and effect until revoked in writing.

IN WITNESS WHEREOF, the Company has caused this power of attorney to be executed by its duly authorized officers as of _____, 2016

Company Name _____
Place of Business _____
By President _____

※ Notary Public's Certification.

Appendix 4 : Contract Cover Sheet



AGENCY FOR DEFENSE DEVELOPMENT

REPUBLIC OF KOREA

Bugyuseongdaero 488 beongil(Sunam dong 111), Yoseong, DAEJEON 305-152, KOREA
(TEL. +82 42 821 3833, FAX. +8242824 0728(Direct), +82 42 823 3400)

CONTRACT NO:

WITNESSETH:

The Agency for Defense Development hereby agrees to buy and (Seller's name) hereby agrees to sell "Optimus Pressure Scanning System".

NOW THEREFORE, in consideration of the promises and covenants hereinafter contained, the Parties agree as follows:

PERFORMANCE OF CONTRACT:

Buyer and Seller shall perform in accordance with the terms and conditions of this Contract.

PRICE:

Buyer shall pay Seller a **total firm-fixed price of USD** _____ for the agreement set forth herein.

ACCEPTANCE OF CONTRACT

The terms and conditions set forth in this contract, together with Annexes and Attachment, shall constitute the complete and exclusive agreement between Buyer and Seller.

ORDER OF PRECEDENCE

This Contract shall consist of the following documents. Should there be any ambiguity, discrepancy or inconsistency between the requirements of these provisions of this Contract and of any applicable documents and their Appendices, specifically stated herein, forming part of this Contract, the order of precedence prevailing is the following:

- A. Part II. Special Terms and Conditions
- B. Part I. General Terms and Conditions
- C. Part III. Specifications provided by ADD
- D. Part IV. Technical Proposal of the Seller

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be duly executed by their authorized representatives on the day and year below written.

Signed at _____,

Signed at Daejeon, Korea

This ____ day of _____, 2016

This ____ day of _____, 2016

**Agency for Defense Development
Republic of Korea**

(name)

(title)

Jin Gyu Moon

Finance & Contract Commission

Appendix 4 : Certificate of Compliance

CERTIFICATE OF COMPLIANCE

AGENCY FOR DEFENSE DEVELOPMENT

REF No. : ADD BID No. & P.R. No. _____
BIDDER's PROPOSAL No. _____

INSTRUCTIONS: This form must be completed by each bidder and must accompany bid proposal.
Any proposal not accompanied by a properly executed copy of this form will be considered non-responsive.

We certify that this proposal is completed in compliance with ADD General Terms and Conditions, Special Terms and Conditions, and ADD's requirement specifications attached IFB thereto.

BY : _____
(SIGNATURE)

(Name / Title)

Date : _____

Appendix 5-1 : Commercial Proposals with Commodity Descriptions

Section III. Commercial Proposal with Commodity Description

Bidder's price proposal No.: _____ **dated** _____

TO: Finance and Contract Commissioner
Agency for Defense Development
Daejeon, Korea

Reference: ADD INV. No. ADD-16-124

- 1. Proposal Validity:** The bidder hereby agrees that this proposal is firm for acceptance within 120 calendar days from the stated bid due date. The bidder hereby agrees that all prices, costs and fees quoted shall remain firm and fixed without price adjustment for the entire duration of the Contract.
- 2. The price proposal must be stated to the effect that** the price indicated in "Appendix 5-2, Commodity Description (Priced Proposal) does not exceed the regular price, as adjusted by the export differential, and that such price is not higher than that charged to other buyers similarly situated.

3. Terms of Payment

Payment Progressive	Milestone	Percent of Contract Value	Year	Remark

4. Payment Method.

The Payment shall be made through T/T
State the beneficiary's name and address below:
Beneficiary's name : _____
Address : _____
Tel / Fax : _____

If necessary, state the Beneficiary's recommended advising bank including bank's name, address and Swift No (or Bank Code)

Bank name : _____
Swift code : _____
Account Number: _____
Address : _____
Tel / Fax : _____

5. Shipment & Delivery

5. 1. Shipment Schedule: __ months recommended _____

(State the earliest possible shipping schedule; i.e. 00 months or weeks from the effective date of Contract)

6. Export License

6. 1 In case that bidder has to get Export License (E/L) from the exporting government, the bidder should specify that matter.

(Yes/No)- ----- _____

6. 2 If the answer to 6.1. above is "Yes", Bidder can make sure that the government will approve such E/L without any problems.

(Yes/No)- ----- _____

6. 3 If the answer to 6.2. above is "No", Bidder should state detailed reason and bidder's solution to get such E/L as follows :

6. 4 If the answer to 6.1. above is "Yes", Bidder should state how long it will take for the bidder to get the E/L from the government after the contract :

(OO weeks or months after the contract)

6. 5 If the answer to 6.1. above is "Yes", Bidder should state which document and information the Buyer shall provide to Bidder.

7. Terms of Price: Shipment from FCA international Airport (Name/State/Country) to Incheon Airport in Korea.

8. Packing: Export Standard Packing

9. Estimated Gross Weight: _____ LBS, _____ CBM

10. Origin: _____

11. Commodity Descriptions: Attached Appendix 5-2

12. Inspection: End-user's acceptance of system is to be final at ADD.

13. Warranty: _____ from the date of final acceptance

14. Remark: _____

Signature: _____

(Name & Title)

Appendix 5-2 Commodity Descriptions (Pricing Proposal)

Invitation No. : _____

P.R. No. : _____

COMMODITY DESCRIPTIONS

H.S.NO.	Item No.	DESCRIPTION(SPECIFICATION)	QTY/UNIT	UNIT/PRICE	AMOUNT

SIGNATURE : _____
(NAME & TITLE)

(※Note : Total price must be breakdown according to item by item)

PART I. General Terms and Conditions

(Sales of Goods)

1. Definitions and Interpretation

The following expressions have the meaning as set forth below:

- a. "SELLER" means any person or organization that furnishes commodity under this contract.
- b. "BUYER" means Foreign Supply Team of the Agency for Defense Development (hereinafter ADD), Yuseong, Daejeon, Republic of Korea.
- c. "Agent" means Korean citizens(s) or business entities, duly incorporated or organized under the laws of the Republic of Korea, which is not a branch, department, subsidiary, parent entity, assignee of the Seller, or an entity in which the Seller beneficially owns controlling interest or equity and vice versa, who has been employed by the Seller, at its own discretion and expense, in connection with this Contract, and assumes all duties under Annex 1 hereto.
- d. "Commodity" is the subject matter of transaction under the Contract, other than monies, including accessories, spare parts, technical data, training, Service and/or any other additions as it may be applicable, which corresponds with the Commodity Descriptions and whose specification corresponds with the Commodity specifications. Any inspection, acceptance tests procedures or other delivery conditions regarding a Commodity in connection with this Contract, unless explicitly specified herein, shall not be construed to be included in the definition of "Commodity."
- e. "Service" means those service and/or activities by the Seller, including but not limited to installation and/or integration. Any inspection, acceptance tests procedures or other delivery conditions regarding a Commodity in connection with this Contract, shall not be construed to be included in the definition of "Service."
- f. "Delivery of Commodity" shall mean, unless explicitly specified otherwise, delivery of tangible Commodity in accordance with delivery conditions and schedule, as well as completion of performance by the Seller of other intangible Commodities such as, including but not limited to, training and/or Service, in accordance with conditions, schedules and/or procedures applicable to such performance.
- g. "Carrier" means any person or entity, who undertakes to perform or to procure performance of the carriage of the Commodity under a contract with the Buyer.
- h. "Contract Price" means United State Dollars or Other Currency as a consideration payable by the Buyer to the Seller for the Commodity provided by the Seller to the Buyer hereunder.
- i. When a time or period is stipulated "in number of days", it is counted on a continuous basis. A time or period expressed as "from" a given date "to" a given date shall include the two given dates preceded by "from" and "to."
- j. Unless otherwise agreed in writing between both parties, FCA, FOB, CFR, DDU or other delivery terms stipulated in this Contract shall be governed by the latest Incoterms(Publication No. 560 of the International Chamber of Commerce).
- k. Any type of documentary credit employed under this Contract, including the standby letter of credit for Performance Bond or Repayment Guarantee, shall be issued, advised and operated subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision, Publication No. 600 of the International

Chamber of Commerce), insofar as they are applicable.

1. "End-User" means technical division or team of ADD that actually and/or ultimately uses the Commodity after it has been contracted and purchased by the Buyer.

2. Performance of Contract

a. The Seller must:

- i) Obtain necessary export license and/or the Seller's government approval at his own risk and expense. If required, the Seller must obtain the export approval from the governments of other countries related thereto.
- ii) Carry out in-time delivery. Shipping date should be confirmed by mutual understanding of the parties and should be reflected on the contract. The Seller will give notification of the delivery status for informing the actual date of shipment by sending Email or mail to the Buyer.
- iii) Strictly abide by the Anti-bribery Provisions shown in Annex 5 attached hereto.
- iv) Perform all other obligations (including the Product Liability) in connection with this Contract.

b. The Buyer must :

- i) Make payment(s) to the Seller in consideration for Delivery of the Commodity in accordance with terms, conditions and payment schedule specified in this contract.
- ii) For prompt delivery of the commodity, providing required forwarder information without delay.
- iii) Perform all other obligations in connection with this Contract.

3. Performance Bond

- a. Unless otherwise stipulated in this Contract, the Seller shall provide the Buyer a performance bond (hereinafter referred to as the Performance Bond) in a definite sum equal to ten percent (10%) of the Contract Price within thirty (30) days from the effective date of this Contract as specified in Article 27 of this Section I.
- b. The Performance Bond shall be established in the form of cash deposit, surety bond or standby letter of credit in favor of the Buyer payable at sight. In case of the Performance Bond in the form of a cash deposit, the cash deposit shall be deposited to such bank account as designated by the Buyer. In case of the Performance Bond in the form of standby letter of credit, it should be issued by a bank rated as of high financial strength grade by international credit rating agencies, such as Moody's, S & P, or Fitch IBCA, in the format as shown in Annex 3 hereto. The bond should be sent by airmail to PO box 35, Yuseong-gu, Daejeon, 305-600 Republic of Korea or bank SWIFT. Necessary bank information for SWIFT is as follows;

Name of Bank : Woori Bank
SWIFT code : HVBKKRSEXXX
Bank Address : 17 Worldcup Buk-ro 60 Gil Mapo-gu, Seoul, 121-921, Republic of Korea
- c. The Performance Bond shall not be amended, modified or cancelled without prior consent by the Buyer, and shall be valid until the expiry of the warranty period as specified in Article 6 after the latest date for delivery stipulated in this contract.
- d. In case the Seller committed a material breach of this Contract as defined in Article 13, title and ownership of

the Performance Bond in the form of cash deposit shall be automatically transferred to the Buyer, or if the Performance Bond is in the form of standby letter of credit, it shall be payable at sight at the counters of the Korean bank nominated by the Buyer upon the Buyer's request therefor.

- e. Any payment pursuant to the Performance Bond shall be made in the currency as stipulated in Article 5 of this Section I, and any amount payable under the Performance Bond in the form of a letter of credit or a surety bond shall be expressed in such currency.
- f. In case any delay in Delivery of Commodity occurs and the latest date of Delivery of Commodities is consequently extended for a given period, the validity of the Performance Bond shall be extended for an equal given period. Upon such an extension, the Seller shall notify the Buyer through the opening bank without delay. Seller's failure to extend the validity as such shall be governed by Article 13 of this Section I.

4. Repayment Guarantee

- a. In case any advance payments is to be paid to the Seller under this Contract, the Seller shall provide to the Buyer a repayment guarantee in the form of standby letter of credit issued in favor of the Buyer (the "Repayment Guarantee"). The Repayment Guarantee shall be issued by a bank rated as of high financial strength grade by international credit rating agencies, such as Moody's, S & P, or Fitch IBCA. The format of such Repayment Guarantee is shown in Annex 4 hereto. The Guarantee should be sent by airmail to PO box 35, Yuseong-gu, Daejeon, 305-600 Republic of Korea or bank SWIFT. Necessary bank information for SWIFT is as follows;

Name of Bank : Woori Bank

SWIFT code : HVBKCRSEXXX

Bank Address : 17 Worldcup Buk-ro 60 Gil Mapo-gu, Seoul, 121-921, Republic of Korea

- b. The Repayment Guarantee shall be established and advised to the Buyer at least fourteen (14) days before the advance is paid to the Seller. No advance payment shall be paid to the Seller in the event that the Seller fails to establish the Repayment Guarantee as stipulated in this subparagraph.
- c. The Repayment Guarantee shall not be amended, adjusted or cancelled without prior consent of the Buyer, and shall be valid until the expiration of ninety (90) days from the date of Delivery of Commodity. Upon each Delivery of Commodity in compliance with this Contract, the amount of the Repayment Guarantee shall be reduced in proportion to the contract value of each delivered Commodity in accordance with the detailed schedule of proportional reduction. Such reduction shall not be effected before expiration of ninety (90) days from the date of each Delivery of Commodity.
- d. The currency of the Repayment Guarantee shall be expressed in the currency as stipulated in Article 5 of this Section I.
- e. The amount of the Repayment Guarantee shall be equal to the advance payment plus its interest which will be accrued until the expiry date of the Repayment Guarantee at the rate of LIBOR plus two percent (2%). If any delay in the Delivery of the Commodity occurs, the validity of the Repayment Guarantee shall be extended for the given period, and its amount shall be increased by the additional interest to be accrued for the extended period of time.

- f. The Repayment Guarantee shall be payable at sight at the counters of the Korean bank nominated by the Buyer against the Buyer's written statement to the effect that Delivery of the Commodity has not been performed by reason of the Seller's default or Force Majeure Event.

5. Payment

- a. The Contract Price will be paid for a given currency specified in this contract. b. In case of cash payment, the Seller shall send to the Buyer the documents against which payment is made as specified as below hereto by e-mail, or registered airmail, or by telegram or telefax, or fax without undue delay upon delivery of Commodity. The Buyer shall remit the appropriate payment by wire or telegraphic transfer to the Seller's bank account as stipulated below hereto within thirty (30) days after the Buyer has received and accepted such documents.
- i) One (1) original copy of clean receipt of the commodity or other transport document consigned to the Agency for Defense Development, PO box 35, Yuseong-gu, Daejeon, 305-600 Republic of Korea, which are issued by the carrier or the freight forwarder,
 - ii) One (1) duly signed copy of the commercial invoice of the Commodity or any part thereof shipped,
 - iii) One (1) duly signed copy of the packing list consisting of representing detailed packing list.
- b. In case of payment by documentary letter of credit, the Seller shall present the documents to the negotiation bank upon delivery of Commodity. The Buyer shall make the appropriate payment within twenty-one (21) days after the Buyer has received such documents from the opening bank of the documentary letter of credit.
- i) Three(3) original copies of clean receipt of the commodity or other transport document consigned to the Agency for Defense Development, PO box 35, Yuseong-gu, Daejeon, 305-600 Republic of Korea, which are issued by the carrier or the freight forwarder named in the documentary credit,
 - ii) Three(3) duly signed copies of the commercial invoice of the Commodity or any part thereof shipped,
 - iii) Three(3) duly signed copies of the packing list consisting of representing detailed packing list,
 - iv) Three(3) duly signed copies of the certificate for packing conditions issued by B/L issuer's and the Seller,
 - v) Three(3) duly signed copies of the inspection certificate issued in accordance with the provisions of Article 9, and
 - vi) Other documents stipulated in the relevant irrevocable documentary credit.
- c. Any payment under this Contract, including any advance payment, if any, shall not be made unless and until the Performance Bond and/or if required, Repayment Guarantee have been established as stipulated in Article 3 and 4 hereof.

6. Warranty

- a. The Seller guarantees that the Commodity supplied under this contract shall be free from any defects in materials or workmanship and conforms to the requirements of the contract. This guarantee shall continue until twelve(12) months after the date when the Commodity has been actually delivered to the Buyer or its representative at the place of destination in Korea.
- b. Where the Buyer has found or recognized any defect in materials and workmanship or any non-conformance

in the commodity delivered during the warranty period, notice such defect or non-conforming to the Seller by Email. The Seller shall, with all possible haste, refurbish or replace the defective or non-conforming commodity in accordance with the Buyer's instruction, at all the Sellers cost. I

- c. If the Seller fails to repair or replace such defective or non-conforming commodity or such part thereof within a given period of time in accordance with the instructions of the Buyer, the Buyer will claim against the Seller a full compensation for i) the invoice amount of such defective or non-conforming commodity or any part thereof, ii) any extra costs occasioned by the Buyer procuring similar or substitute goods from other sources.
- d. When the defective part is repaired or replaced in accordance with the instruction of the Buyer, the repaired or replaced part shall be warranted by the Seller as provided in the preceding paragraph(a) for twelve(12) months from time of completion of such repairing or replacement.

7. Product Liability

- a. Seller is liable for bodily injury or loss of life of Buyer's person if this accident has caused by malfunction or defectiveness of the Commodity provided and warranted by Seller.
- b. Seller will indemnify and defend Buyer against third party claims or demands for injury or death to persons, property damage, economic loss and any resulting damages, losses, costs and expenses regardless of whether the claim or demand arises under tort, contract, strict liability or other legal theories, if and to the extent caused by Seller's warranted but defected product or its negligent acts or omissions in its performance under the contract.
- c. This clause will not be applied if the damage has arose from,
 - i) Buyer's dominant specification of materials in product despite of warning from the Seller
 - ii) Buyer's design of the product
 - iii) any alteration or improper repair, maintenance, handling, mis-operation or installation of the Product by solely Seller
 - iv) the integration or interaction of the products with systems or components not supplied by Seller.

8. Quality and Quantity assurance of Commodity

- a. All the contractual specifications of the Commodity shall be enumerated in this contract. Even if there is no express stipulation in this contract, the Commodity or any part thereof to be delivered shall be new product(s) complying with the purpose of the Buyer's procurement, and be equivalent in all respects to the commodity normally supplied to other buyers by the Seller.
- b. In case the Seller furnishes any drawing in connection with the Contract, the drawing(s) shall be in conformity with the contractual specifications. Such drawing(s) approved by the Buyer at the time of conclusion of this Contract shall make part of this Contract.
- c. In case spare parts are supplied by the Seller, those shall be substantially identical to the original parts specified in this contract. All fittings and/or accessories necessary for completion of the equipment which is a part of the Commodity, as specified in this contract shall be furnished by the Seller without any additional cost charged to the Buyer.

- d. The quantity of Commodity will be assured by the Seller and no variation in quantity will be allowed provided that;such variation has been caused by conditions of loading, shipping or packing, or allowance in manufacturing process, and then only to the extent specified elsewhere in this contract.

9. Inspection

- a. If independent inspection is stipulated in this contract, the Buyer, within a reasonable time from the effective date of this contract, shall appoint an inspector to inspect the Commodity prior to delivery.
- b. The Seller shall furnish the inspector with all reasonable facilities and assistance, including records of all inspection performance made by the Seller to enable the inspector to fulfill his obligation and responsibilities.
- c. The Commodity which has been inspected and acknowledged to be in compliance with all the requirements of this contract shall be stamped or labeled with the inspector's own emblem.
- d. The Seller shall be responsible that the Commodity delivered to the Buyer be the same commodity described in the certificate of inspection.
- e. Unless otherwise agreed upon in this contract, any or all inspection fees shall be borne and paid by the Seller.

10. Packing of the Commodity

- a. The Seller shall be responsible for the packing the Commodity per unit item both in the interior and in the exterior respectively to ensure safe delivery to the Carrier and to the End-User by the Carrier. Seller shall make sure to pack the Commodity with sturdy materials such as woods or corrugated cardboard to prevent deterioration, breakage, theft, loss of the cargo during delivery and distinguishable with other cargoes in appearance.
- b. The Seller shall be liable for any loss or damage arising from insufficient or inadequate packing. Unless where inevitable, packing material shall be of environment-affinity. In the event that wooden materials are used for packing of Commodity, such wooden materials must be disinfected in order to protect the environment.

11. Marking of Transit Packs

- a. Each package or container shall be marked for speedy and easy identification of the consignment. In each package or container, one (1) copy of the detailed packing list shall be enclosed.
- b. Such marking shall cover the following items :
- i) Consignee: Agency for Defense Development, PO box 35, Yuseong-gu, Daejeon, 305-600 Republic of Korea,
 - ii) Contract Number,
 - iii) Port of discharge,
 - iv) Number of packages or containers and item numbers & quantity of the Commodity packed or contained,
 - v) Commodity description,
 - vi) Net and gross weight and cubic measurement,
 - vii) Seller's marks and/or trade marks,
 - viii) Caution marks, if applicable,

- ix) In the event that wooden materials are used for packing of the Commodity, mark that evidences such wooden material to have been disinfected
- x) Other markings required by this contract.

12. Delivery and Shipments

- a. Within one business day after the Seller delivers the Commodity to the carrier, the Seller will send E-mail the Buyer a complete set of shipping documents including the commercial invoice, packing list and airway bill.
- b. Delivery shall be effected upon presentation of a clean "on board ocean vessel" or "charter Party "bill of lading, "freight prepaid" or "freight collect", as the case may be, evidencing shipment in accordance with the delivery terms stipulated in this contract.
- c. Any partial shipments shall not be allowed except when the Special Terms and Condition attached with this Contract clearly stipulates permission of such shipping.

13. Breach of Contract & Termination

a. Breach of Contract

- a) A party shall be deemed to have committed a material breach when it fails to perform substantial obligations under the Contract.
- b) Any of the events enumerated below constitutes the Seller's material breach of this Contract:
 - (i) Failure to effect Delivery of Commodity:
 - (ii) Failure to satisfy all the requirements and/or specifications of the Commodity as specified in this contract:
 - (iii) Anticipatory repudiation of this Contract by the Seller:
 - (iv) Failure to establish the Performance Bond or the Repayment Guarantee, or amend or extend the validity as required by the Contract:
 - (v) Failure to perform the Warranty Obligations stipulated in Article 6 hereof:
 - (vi) Failure to cure any discrepancy or deficiency of the Commodities within the delivery period:
 - (vii) Any other significant non-performance of any of the Seller's major obligations stipulated in this Contract

b. Termination

- a) If the Seller commits a material breach of this Contract, the Buyer shall send to the Seller a written notification of such material breach, and if such material breach is not cured by the Seller within fifty (50) days from Seller's receipt of the Buyer's notification, Buyer is entitled to the following:
 - (i) terminate the Contract in whole or in part,
 - (ii) confiscate the whole amount of the Performance Bond stipulated in Article 3 hereof, and
 - (iii) confiscate the Repayment Guarantee with the interest accrued thereon pursuant to Article 4 hereof.If it is reasonably proven by the Buyer that the actual damages arising out of the Seller's material breach exceeds the amount of the confiscated Performance Bond, Buyer shall be entitled to such excess amount of additional damages.

- b) When the Buyer terminates this Contract in whole or in part pursuant to the preceding subparagraphs a, the Buyer shall notify the Seller to that effect by registered airmail.
- c) If this Contract is terminated in whole or in part pursuant to this Article, the Buyer may procure the commodity which meets the purpose of this Contract from other source of supply within six (6) months after such termination. In this case, the Seller shall be liable for any excess costs to procure such commodity.
- d) In case the Buyer is entitled to terminate this Contract in part, the Buyer, in addition to any other rights provided in this Article, may request the Seller to deliver and to transfer title of any completed Commodity which has not been delivered or any partially completed Commodity which the Seller produced or specifically acquired for performance of this Contract; and the Seller shall, upon direction of the Buyer, protect and preserve property in the possession of the Seller in which the Buyer has an interest.

14. Liquidated Damages

- a. Notwithstanding the provisions of the Article 13, when the Seller fails to effect shipment or delivery within the period or time stipulated in this contract and/or even if the Buyer is noticed by the Seller that the Seller may cause delayed shipment or late delivery after the shipping date fixed by the Buyer, the Buyer shall be entitled to deduct from any money due or confiscate the performance bond or make a claim against the Seller for compensation of the amount of liquidated damages calculated at the rate of one and a half tenth of one percent (0.15%) per day of the contract amount until such delayed shipment or delivery is effectively made. The damage shall be calculated from the last date of shipment against total contract value. However, total liquidated damages for delayed shipment or delivery shall not exceed ten percent (10%) of the contract value.
- b. Where partial shipments or deliveries are permitted in this contract and if it has been expressly agreed that this contract is of divisible nature, the liquidated damages under this Article shall be calculated at a rate of one and a half tenth of one percent(0.15%) per day of the invoice amount of delayed partial shipment(s) or delivery(ies).
- c. Notwithstanding the provisions of the preceding paragraphs of this Article, where the Seller fails to effect shipment(s) or delivery(ies) within the period of time stipulated in this contract or fails to make such delayed shipment or delivery as provided in the preceding paragraph (a) of this Article, the Buyer shall have an option to nullify or terminate this contract wholly or partially under the provisions of Article 13.

15. Force Majeure

- a. Neither party shall not be responsible for any delay or failure of Delivery of Commodity which may arise from causes beyond the its reasonable control such as acts of God, fires, explosions, strikes, lockouts, riots, civil commotions, mobilizations, threat or existence of war, blockades, embargoes, requisition of vessels, epidemics, changes in the relevant laws and regulations made after this Contract became effective and government orders in granting necessary permits or permit approvals. (the "Force Majeure Event").
- b. Upon occurrence of the Force Majeure Event, the Seller shall notify the Buyer by teletransmission, email and/or subsequent airmail within twenty (20) days from such occurrence of Force Majeure Event. The notification shall be attached by a written certificate issued by the authorized governmental organization of the applicable

country. The certificate shall indicate ;

(i) that the Seller could not reasonably foresee occurrence of Force Majeure Event at the time of execution of the Contract, and

(ii) that the Seller could not control the failure of or the delay in Delivery of Commodity due to such Force Majeure Event.

c. In case the Force Majeure Event continues for more than ninety (90) days, and the Buyer judges the purpose of this Contract to be unattainable, the Buyer may terminate this Contract in whole or in part, and confiscate the whole amount of the Repayment Guarantee. In this case, neither party of this Contract shall make any claim for compensation of any loss by such termination.

d. The provisions of this Article shall apply to both the Seller and the Buyer in connection with the default or the delay in performing the respective obligations under this Contract due to Force Majeure Event.

16. Intellectual Property Rights

If the Buyer receives a claim that the Commodity or any part thereof is in infringement of an intellectual property right, the Seller shall, at its own expense and option, conduct the following actions:

a. Settle the claim in an amicable way such as reconciliation with the claimant;

b. Procure for the Buyer the right to use such Commodity in a manner intended in this Contract;

c. Replace or modify the Commodity with an equivalent but non-infringing alternative commodity that conforms to the specifications of this Contract or

d. Defend against such claims. If any court of competent jurisdiction holds such Commodity to constitute infringement, the Seller shall take at its own option one of the actions described under a. through c. above.

17. Maintenance of Secrecy

The Seller shall warrant that any data or information related to this Contract will be held and preserved as commercially confidential information. All documents and communications between the parties in relation to this Contract shall not be disclosed in any way without the Buyer's prior consent.

18. Charges

Administration fees, all banking charges and other related charges including postage, etc. incurred outside Korea during the Seller's performance of obligation under this Contract, shall be borne by the Seller.

19. Assignment and Novation

The Seller shall not assign, transfer or novate to any third party this Contract or any part thereof without prior written consent of the Buyer. Even if the Seller's legal status as a business entity is changed by merger and acquisition after this Contract is entered into, its obligations under this Contract shall remain unchanged.

20. Governing Laws

The formation, validity, construction and performance of this contract shall be governed by the laws of the Republic

of Korea.

21. Jurisdiction/Arbitration

- a. In the event of disputes, controversies, or disagreements between the Contractor and the ADD arising in connection with this Contract (the "Dispute"), the parties shall negotiate in good faith. However, if the parties fail to reach settlement or resolution after thirty (30) days from the occurrence of the Dispute, the Dispute shall be finally settled by litigation or arbitration.
- b. In case of arbitration, the Dispute shall be finally settled by an arbitration panel in Seoul, the Republic of Korea, in accordance with the Commercial Arbitration Rules of the Korean Commercial Arbitration Board.
- c. The arbitration shall be made by three (3) arbitrators; each one arbitrator nominated by the Contractor and the ADD respectively and the third neutral arbitrator nominated by the mutual agreement between the arbitrators. In case the two arbitrators fail to agree to nominate the third arbitrator, Korean Commercial Arbitration Board shall have the right to nominate the third arbitrator.
- d. Any litigation concerning the Dispute shall be settled by the Seoul Central District Court, Republic of Korea.

22. Non-Waiver

No omission or delay on the part of the Buyer in exercising any right shall be considered as a waiver of such rights and any other right hereunder. The rights and remedies of the Buyer provided in this Contract shall not be exclusive and in addition to any other rights and remedies provided under this Contract.

23. Entire Agreement

- a. All Sections and Annexes of this Contract and any other documents attached thereto constitute the entire and sole agreement of the parties to this Contract and any other representations, agreements, undertakings or proposals not expressed in this Contract are superseded and declared null and void.
- b. No alteration, modification or change of this Contract shall have any effect unless such alteration, modification or change be made in writing and signed by the duly authorized representatives of the parties to this Contract.

24. Headings

The headings used throughout this Contract are for convenience and reference only and shall not be deemed or construed as limiting or expanding the language of the provisions to which such headings may refer.

25. Language

All written notices, communications, data or amendments which are required by or pertinent to this contract shall be in the English language.

26. Notice

Except in cases where otherwise stipulated in this contract, any notice, request, direction, or other communication required or desired to be given or made, is to be in writing and is effective if delivered in person, or sent by e-mail,

registered mail, or by telegram or telefax, or fax, postage prepaid or charges prepaid, as the case may be.

27. Effectiveness of this Contract

This Contract shall be effective from the date of full signature by the Seller and the Buyer.

28. Implementation of Offset Program

- a. Where an appropriate offset program in connection with this contract is determined and is requested by the Ministry of National Defense which acts for and represents the Governments of the Republic of Korea, the Seller shall have an additional obligation to submit the offset proposal and execute the Memorandum of Agreement thereon in compliance with Korean Defense offset Program Guidelines.
- b. Unless otherwise agreed in this contract, the Seller shall have a separate and independent performance bond issued for the offset program in the manner as specified in Korean Defense Offset Program Guidelines. However, where the performance bond issued pursuant to Article 4 is also used for the purpose of offset program and if the offset program is neither completed nor fulfilled on or before the expiry of the performance bond issued for this contract, its validity shall be automatically extended to the 150th day following the anticipated or agreed date of fulfillment of the offset program.
- c. If the Seller fails to perform the obligation stipulated respectively in the preceding paragraphs (a) and (b), the Buyer may terminate this contract in whole or in part.

ANNEX NO.1

GENERAL TERMS AND CONDITIONS SPECIAL PROVISIONS FOR EMPLOYMENT OF THE SELLER'S COMMISSION AGENT.

When the seller makes a written proposal to the effect that the seller would employ a commission agent defined below for sale of the Commodity specified in the Commodity Descriptions and if the Purchaser accepts such written proposal in accordance with the relevant rules and procedures of the Ministry of National Defense, Republic of Korea("Ministry of National Defense"), the following clauses of this Annex will be incorporated in and made part of this contract :

1. The term "commission agent" used herein means a natural or corporated body of Korean nationality which is authorized under proper commercial contract to act for and represent the seller for and in connection with sale of the Commodity specified in the Commodity Descriptions and which has been registered as a commission agent in compliance with the legal procedures of the Ministry of National Defense and which is allowed by the Purchaser to serve as a commission agent for the Seller in negotiating and making this contract.
2. In case where the Commodity or any part thereof which is actually delivered into the charge of end-user(s) intended or nominated in this contract does not comply with the specifications or descriptions of the Commodity and/or has any defect(s), the Seller and its commission agent shall be jointly and severally responsible for such noncompliance or defect(s).
3. When the Seller or its commission agent commits any breach of this Annex, the Purchaser will be entitled to terminate this contract in whole or in part and to confiscate unconditionally the amount specified in the performance bond.

ANNEX NO.2

GENERAL TERMS AND CONDITIONS SPECIAL PROVISIONS FOR PROHIBITION OF ANY DIRECT OR INDIRECT SALE OF THE COMMODITY TO NORTH KOREA

1. These special provisions are primarily purposed to prohibit any direct or indirect sale of the contractual commodity to North Korea. The contractual commodity stated herein includes any related technical data and information.
2. The Seller hereby warrants that any goods same as or similar to the commodity specified in this contract shall not be sold or transferred to North Korea.
3. If and when the Purchaser or other governmental agency has obtained any verbal or written information to the effect that the Seller has violated these special provisions, the Purchaser will the confiscate any money stated in the performance bond and in the repayment guarantee and/or make a definite claim for recovery of all payments made to the Seller and other consequential losses.
4. The term "sale" or "transfer" used herein covers lease or release or assignment or any other possession of the goods designated in these special provisions.
5. These special provisions are hereby incorporated in and made part of this contract. However, these special provisions indefinitely survives all other terms and conditions covered by this contract.
6. Where a commission agent for the Seller is involved in this contract, these special provisions are binding upon such commission agent.

ANNEX NO.3

**GENERAL TERMS AND CONDITIONS FORM/CONTENT OF STAND-BY LETTER OF CREDIT
FOR PERFORMANCE BOND**

NAME OF ISSUING BANK CREDIT NUMBER

PLACE AND DATE OF ISSUE DATE AND PLACE OF EXPIRY

ADVISING BANK APPLICANT

BENEFICIARY AMOUNT

ADVICE FOR THE BENEFICIARY

Gentlemen:

We hereby issue in your favor this irrevocable stand-by letter of credit which is available by payment of your sight draft(s) for the whole amount stated herein or part thereof drawn on(Name of the Advising Bank in Seoul, Korea) accompanied by the following document :

(A) One signed original copy of your written statement to the effect that the Applicant has committed a material breach of the Contract No. as defined in General Terms and Conditions Article 16 thereof.

This irrevocable stand-by letter of credit relates to the Contract No. which has been entered into between the Beneficiary and the Applicant. And this credit also relates to an irrevocable documentary credit which is or will be issued in favor of the Applicant pursuant to the related contract(the "main credit")

If and when the latest date for shipment stipulated in the main credit is extended for a given period of time, the expiry date stated herein will be automatically extended for an equal given period of time longer.

Where any liquidated damages for delayed shipment(s) are paid to the Beneficiary under and in accordance with the terms and conditions of this credit, the credit amount will be automatically increased and reinstated up to the original amount stated herein.

This irrevocable stand-by letter of credit is issued subject to the Uniform Customs and Practice for Documentary Credits(2007 Revision, International Chamber of Commerce, Paris, France, Publication No. 600) and engages us in accordance with all the applicable provisions thereof. The number and date of this credit and the name of the issuing bank must be quoted on your draft(s) required.

NAME OF THE ISSUING BANK

(Authorized Signature)

CONTRACT NO.()

ANNEX NO.4

**GENERAL TERMS AND CONDITIONS FORM/CONTENT OF STAND-BY LETTER OF CREDIT
FOR REPAYMENT GUARANTEE**

NAME OF ISSUING BANK CREDIT NUMBER

PLACE AND DATE OF ISSUEDATE AND PLACE OF EXPIRY

ADVISING BANK APPLICANT

BENEFICIARYAMOUNT

ADVICE FOR THE BENEFICIARY

Gentlemen:

We hereby issue in your favor this irrevocable stand-by letter of credit which is available by payment of your sight draft(s) for the whole amount stated herein or part thereof drawn on(Name of the Advising Bank in Seoul, Korea) accompanied by the following document :

(A) One signed original copy of your written statement to the effect that delivery of the commodities under the Contract No. has not been performed by reason of the Applicant's default or the force majeure cause.

This irrevocable stand-by letter of credit relates to the Contract No. which has been entered into between the Beneficiary and the Applicant. And this credit also relates to an irrevocable documentary credit which is or will be issued in favor of the Applicant pursuant to the related contract(the "main credit")

The amount stated herein covers and represents the advance(s) which is(are) paid to the Applicant under and in accordance with the terms and conditions of the main credit, and the interest(s) thereon which will accrue until the expiry date stated herein. Where the commencing date of interest calculation is not specified in the main credit the date of issue stated herein is considered to be the commencing date of interest calculation.

If and when the latest date for shipment stipulated in the main credit is extended for a given period of time, the expiry date stated herein will be automatically extended for an equal given period time longer. An the amount of this credit will be accordingly increased by the interest which will accrue for such extended period of time.

Pro rata reduction(s) of the amount stated herein will be effected only when all the following requirements are met: (1) partial shipments or shipment by installments are allowed in the main credit, (2) the main credit includes an express wording to the effect that the related contract is of divisible nature, and (3) the detailed schedule of such pro rata reduction(s) is attached hereto. Notwithstanding the preceding requirements, such pro rata reduction shall not be effected prior to expiration of ninety (90) days after the date of the corresponding partial shipment or installment shipment.

This irrevocable stand-by letter of credit is issued subject to the Uniform Customs and Practice for Documentary Credits(2007 Revision, International Chamber of Commerce, Paris, France, Publication No. 600) and engages us in accordance with all the applicable provisions thereof. The number and date of this credit and the name of the issuing bank must be quoted on your draft(s) required.

NAME OF THE ISSUING BANK

(Authorized Signature)

Contract Number : _____

ANNEX NO.5

ANTIBRIBERY PROVISIONS TO BE STRICTLY OBSERVED BY THE SELLER

1.The Seller hereby affirms that any individual, officer, director, employee, or commission agent of the Seller, or any person acting for and on behalf of the Seller has not made any payment to any official or employee of the Republic of Korea or any person acting in an official capacity for the purpose of improperly obtaining award of this Contract before or until the definite conclusion of this Contract.

2.The Seller further ensures that any bribery shall not be made or promised by the Seller or any person acting for and on behalf of the Seller with corrupt intent for the purpose of improperly performing its obligations set forth in this Contract.

3.If the Seller violates the provisions of the preceding Paragraph 1 and/or Paragraph 2, the Purchaser shall have the right to confiscate the whole amount of the Performance Bond without any qualification and to terminate this Contract or any part thereof.

4.The Seller fully recognizes that the Seller's violation of the provisions of the above Paragraph 1 and/or Paragraph 2 shall be the subject of criminal actions under the Criminal Law of the Republic of Korea.

5.The term "any payment" used in the above Paragraph 1 means paying, offering, promising to pay (or authorizing to pay or offer) money or anything of value. And the term "any bribery" used in the above Paragraph 2 is the act of offering a bribe as prescribed in Article 133 of the Criminal Law of the Republic of Korea.

Attachment #1

CERTIFICATE FOR PACKING CONDITIONS

SHIPPER : (SHIPPER'S REF)
CONSIGNEE :
NOTIFY PARTY :

L/C No. :
P/O No. :
PORT OF LOADING : DESTINATION :
ITEM DESCRIPTION : SPECIAL CONDITION :

Q'TY & MATERIAL OF PKG :
GROSS WEIGHT :
MEASUREMENT :

WE DO HEREBY CERTIFY THAT ALL ABOVE COMMODITIES ARE PACKED UNDER STANDARD PACKING CONDITION.

ISSUING DATE :
(SHIPPER'S SIGNATURE)

WE HEREBY CERTIFY THAT ABOVE COMMODITIES ARE RECEIVED BY THE UNDERSIGNED WITH STANDARD PACKING CONDITION.

DATE : MAWB No. OR HAWB No. :
(CARRIER'S SIGNATURE) VESSEL NAME/FLT No. :

(NAME OF CARRIER)

SECTION II. SPECIAL TERMS AND CONDITIONS

1. This contract shall become effective on the date when(EDC):

A) The contract is signed by the Seller and the Buyer

2. Shipment should be effected by Korean air thru Buyer's nominated freight forwarder

3. All Banking Charges caused outside of Korea shall be paid by the Seller.

4. Packing shall be made in accordance with "The Quarantine Requirements on Wood Packing Materials (WMP) of Imported Consignments" attached hereto.

5. Notices

A) Notices to Buyer shall be addressed as follows:

AGENCY FOR DEFENCE DEVELOPMENT
FOREIGN SUPPLY DIVISION
160 Bugyuseong-daero 488 beon-gil(Sunam-dong 111), Yuseong-gu,
Daejeon, 305-152, Republic of Korea
Attn. : Mr. Jin Gyu MOON, Finance and Contract Commissioner
CC : Mr. Hyeon Gie YEO, Foreign Supply Division Chief
FAX NO. : 82-42-824-0728 or 82-42-823-3400
TEL NO. : 82-10-5071-3835

B) Notice to Seller shall be addressed as follows:

(Seller Name) _____
(Contact Division) _____
(Address) _____
(Attention) _____
(FAX No.) _____
(TEL No.) _____
(If any, Local contact point) _____

C) Either Party may change its address and attention by providing written notice to the other Party in the manner set forth immediately above.

D) All notices, requests, demands, approval and other communications shall be deemed to have been duly given to the other Party to be notified as follows unless otherwise expressly provided for this Contract.

- 1) at the time of personal delivery, or
- 2) on the date of receipt of notice by registered mail, or
- 3) on the date of dispatch of facsimile.

6. Term of Price: Shipment from FCA International Airport (per Incoterms 2010)

7. Warranty: One (1) year warranty after final acceptance of End-user

8. Shipment Schedule

Within six(6) months from the effective date of contract.

Partial Shipment is not allowed.

9. Final Acceptance: End-user's acceptance of the system at ADD's site will be regarded as the final acceptance.

10. Payment Schedule & Delivery

No.	Milestone	Contract Value	Amount
1 st	- Upon Shipment	90%	
2 nd	- Upon Completion of Installation, Inspection, Training and Final Acceptance by End-user	10%	
Total Amount of Contract value		100%	

10.1. The first payment shall be made against receipt of shipping documents, performance bond, export license (if applicable), and a commercial invoice to ADD international Contract Division.

10.2. Imbursement of the remained 10% will be the final payment. It shall be transferred to the Seller upon completion of training and after the final inspection specified on article 9 of this Section is completed.

11. Payment Method

Payment shall be made through T/T

Beneficiary's recommended advising bank:

Bank name :

Swift code :

Account No :

Address :

Tel / Fax :

12. Export License: ADD shall reserve the right to terminate this Contract at no cost, expense or liability if the Contractor fails to obtain a required export license for the commodity within three (3) months from the effective date of contract. Upon termination, the Contractor shall return all payment that ADD has paid for this Contract with a statutory interest.

13. If there's any discrepancies between the terms or any differences in the meaning of the terms of this Contract, the Section II special terms & Conditions is most precedence.

14. No alteration, modification or change of material terms of this Contract after the effective date of contract including, but not limited to the terms of shipment, payment, warranty, liquidated damage, commodity to be provided, and service to be provided shall be valid.

15. Any documentation including, but not limited to the FAT documents, Minutes of Meeting, reports, technical proposal, and agreement that is likely to cause any material change of terms of this Contract shall be sent to ADD international contract division immediately. Such documentation shall be signed by ADD International Contract Division to be effective.

Attachment #2

The Quarantine Requirements on Wood Packaging Materials(WPM) of Imported Consignments

Enforcement Date : June 1, 2005.(Shipping date)

Regulated Articles

All non-manufactured wood packaging materials(WPM) such as pallets, crating, dunnage, packing blocks, etc.

Exempted Articles

plywood, veneer panel, particleboard, oriented strand board, wafer board, fiber board, densified wood, glued laminated wood, agglomerated cork, pulp, wood wool, wood flour, ground cork

Regulated Areas

All countries

Requirements

All imported wood packaging materials should be treated by one of the following methods, and present the mark which certifies the approved treatment on two opposite sides of the WPM.

<Treatment methods>

1) Heat Treatment(HT): WPM should be heat treated at a minimum wood core temperature of 56°C for a minimum of 30 minutes.

2) Methyl Bromide(MB) fumigation

WPM should be fumigated with methyl bromide as follows. The minimum temperature should not be less than 10°C and the minimum exposure time should be 16hrs.

Temperature	Dosage rate	Minimum concentration(g/m ³) at:			
		0.5hrs.	2hrs.	4hrs.	16hrs.
21°C or above	48	36	24	17	14
16°C or above	56	42	28	20	17
11°C or above	64	48	32	22	19

Provided, WPM made of *Pinus spp.*, *Larix spp.*, *Cedrus spp.* from Japan, China, Taiwan,

US, Canada, Mexico, Portugal and WPM made of *Pinus spp.* from Vietnam should be fumigated with methyl bromide for 24hrs. The treatment standard is as follows. The minimum temperature should not be less than 10°C and the minimum exposure time should be 24hrs.

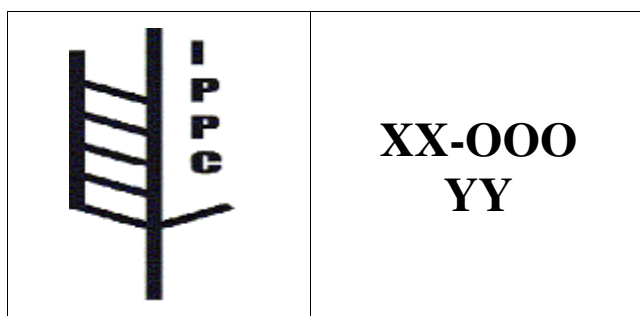
Temperature rate Minimum concentration(g/m ³) at:	Dosage	
		24hrs.
21°C or above	48	24
16°C or above	56	28
11°C or above	64	32

○ The Mark should contain the valid symbol approved by IPPC, country code, unique number of the producer/treatment facility designated by the National Plant Protection Organization (NPPO) of exporting countries and treatment methods (HT, MB)

Non-compliance Measures

- WPM without approved mark: Disposal or Return to the origin
- WPM with approved mark but with live regulated pests : Treatment or Disposal or Return to the origin

Marking for Approved Measures



- symbol

- ISO two letter country code followed by a unique number assigned by the NPPO to the producer of the wood producer of the wood packaging material, who is responsible for ensuring appropriate wood is used and properly marked
- IPPC(International Plant Protection Convention) abbreviation for the approved measure used (e.g. HT, MB)

SECTION III. SPECIFICATIONS

Optimus Pressure Scanning System

1. Function: Wind tunnel Pressure Scanning System
2. Pressure Scanner: ESP Pressure Scanner Compatible
3. Accuracy: Up to +/- 0.03% Accuracy
4. Sampling Rate: Up to 2000 Hz/port EU Data Throughput
5. Temperature Compensation: DTC Digital Temperature Compensation
6. Interface: Miniature Scanner Digitizing Interface
7. Calibration: On Line Calibration
8. Verification: On Line Verification
9. Compatibility: 8400 System Command Compatibility
10. Protocol: IEEE-1588 PTPv2 Timing Protocol

Note)

- * The above commodity description is bidding reference. Bidder may suggest his own item name or other name in the bid. However, bidder should suggest more detailed commodity description by taking account of above commodity description.
- * Total price must be broken down according to item by item in detail.
- * Equivalent specifications are allowed.